

1 Andrew I. Silfen (*pro hac vice*)  
2 Beth M. Brownstein (*pro hac vice*)  
**ARENT FOX LLP**  
3 1301 Avenue of the Americas, 42nd Floor  
4 New York, New York 10019  
Telephone: (212) 484-3900  
Facsimile: (212) 484-3990  
Email: andrew.silfen@arentfox.com  
beth.brownstein@arentfox.com

6 Aram Ordubegian (SBN 185142)  
**ARENT FOX LLP**  
7 55 Second Street, 21st Floor  
San Francisco, CA 94105  
8 Telephone: (415) 757-5500  
Facsimile: (415) 757-5501  
9 Email: aram.ordubegian@arentfox.com

10 *Counsel for BOKF, NA, solely in its capacity as  
Indenture Trustee*

11 **UNITED STATES BANKRUPTCY COURT**

12 **NORTHERN DISTRICT OF CALIFORNIA**

13 **SAN FRANCISCO DIVISION**

15 In re: Case No. 19-30088 (DM)

16 **PG&E CORPORATION,**

Chapter 11

17 - and -

(Lead Case)

19 **PACIFIC GAS AND ELECTRIC  
COMPANY,**

(Jointly Administered)

20 **Debtors.**

- 21  Affects PG&E Corporation  
22  Affects Pacific Gas and Electric  
Company  
23  Affects both Debtors

24 \*All papers shall be filed in the Lead  
Case, No. 19-30088 (DM).

25 **STATEMENT OF BOKF, N.A. IN SUPPORT  
OF THE JOINT MOTION OF THE  
OFFICIAL COMMITTEE OF TORT  
CLAIMANTS AND THE AD HOC  
COMMITTEE OF SENIOR UNSECURED  
NOTEHOLDERS TO TERMINATE THE  
DEBTORS' EXCLUSIVITY PERIOD**

26 **Hearing**

Date: October 7, 2019

Time: 1:30 p.m. (Pacific time)

Place: Courtroom 17

450 Golden Gate Ave, 16<sup>th</sup> Floor  
San Francisco, CA 94102

1                   BOKF, NA (“BOKF”), in its capacity as successor indenture trustee (the “Unsecured  
2 Notes Trustee”) under the Indentures dated as of (i) April 22, 2005 (as supplemented, amended  
3 and restated), (ii) November 29, 2017 and (iii) August 6, 2018 pursuant to which Pacific Gas and  
4 Electric Company (the “Utility” and, together with PG&E Corporation, the “Debtors”) issued the  
5 senior notes (collectively, the “Senior Notes”), by and through its counsel, Arent Fox LLP,  
6 hereby submits this Statement in Support of the *Joint Motion of the Official Committee of Tort  
7 Claimants and the Ad Hoc Committee of Senior Unsecured Noteholders to Terminate the  
8 Debtors’ Exclusive Periods Pursuant to Section 1121(d)(1) of the Bankruptcy Code* [Docket No.  
9 3940] (the “Motion to Terminate”)<sup>1</sup> and in support thereof, states as follows:

10                   **STATEMENT IN SUPPORT**

11                   Terminating exclusivity and allowing a dual-track process to move forward ensures, or at  
12 least increases the likelihood that a chapter 11 plan will be confirmed by the June 30, 2020  
13 deadline. Critically, it avoids the risk of relying solely on the Debtors’ Placeholder Plan that  
14 contains numerous contingencies and uncertainties and the catastrophic result if that plan cannot  
15 be confirmed or go effective by the deadline. Unlike the Debtors’ Placeholder Plan, the  
16 Alternative Plan has broad based creditor support, including from the Tort Committee, pays  
17 creditors in full, maximizes recoveries to tort victims and obviates the need for the estimation  
18 and Tubbs related litigation. On its face, the Alternative Plan appears to be a more attractive  
19 plan and stakeholders should not be precluded from considering it as an alternative. Moreover, a  
20 competitive process is more likely to drive parties towards a single consensual plan. But even if  
21 it does not, having two plans for the Court’s consideration under section 1129(c) of the  
22 Bankruptcy Code is certainly preferable to one non-consensual and potentially non-confirmable  
23 one.

24                   Indeed, there is minimal (if any) downside to a competitive, two-plan process. The  
25 upside, however, is significant. A competitive process would provide the framework for  
26 negotiations, create a more level playing field, increase transparency, and encourage all parties to  
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28                   <sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion to Terminate.

1 engage in efforts, perhaps through mediation, to achieve a consensual resolution. Absent a  
2 global resolution, or if only the Debtors' Placeholder Plan proceeds, litigation around plan  
3 confirmation is inevitable and continued polarization likely. Certain of those plan disputes are  
4 scheduled to be addressed in advance of confirmation. However, the sheer impact of a  
5 determination on issues such as the impaired or unimpaired status of general unsecured creditors,  
6 including Utility Funded Debt Claims, entitlement to post-filing interest rate at the contract rate  
7 and optional redemption (make-whole) provisions under the indentures, and the amount of  
8 capital required to remedy the shortcomings in the Debtors' Placeholder Plan could impede or  
9 preclude confirmation of that plan.

10       The Alternative Plan, on the other hand, appears to contain far fewer unresolved  
11 contingencies. The Alternative Plan settles certain disputes, such as those surrounding the trust  
12 to be established for individual fire victims, thereby eliminating the need for costly litigation  
13 before the District Court and the state court. The Debtors' Placeholder Plan leaves that key issue  
14 unresolved, a contingency that not only jeopardizes the Debtors' plan, but also subjects fire  
15 victims to unnecessary uncertainty, delay and risk. This Court has made clear numerous times  
16 that addressing the claims of the wildfire victims is a paramount concern and goal of these  
17 bankruptcy cases. And, the Alternative Plan pays creditors in full in accordance with the  
18 Bankruptcy Code and applicable state and contract law, including post-petition interest at the  
19 contract rate.

20       What has become more clear is that existing equity holders on one side will be litigating  
21 against unsecured creditors and tort victims on the other. All parties, however, should favor a  
22 process that ensures these Debtors exit chapter 11 by June 2020 and creates the kind of  
23 environment that best facilitates negotiations for a global resolution. Such a process will be best  
24 enabled by a dual-track plan course.<sup>2</sup> If two plans are ultimately confirmed, the Court can  
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26       <sup>2</sup> Another factor militating towards terminating exclusivity is the Tort Committee's, tort victims' and Creditors  
27 Committee's continued concern and disappointment about the lack of openness, engagement and discussions from  
28 the Debtors and their professionals. In fact, and as this Court commented on at the last hearing regarding the  
Debtors' lack of engagement, discussions could start now. Terminating exclusivity will not only balance the  
dynamics and encourage a global resolution, but it will serve as motivation and a platform to have meaningful  
negotiations for the first time in these cases.

1 determine which plan is preferable under section 1129(c), a result no party can seriously dispute  
2 would be a success. Comparing a well-managed competitive process overseen by this Court  
3 with an alternative that relies only on the Debtors' plan full of already identified infirmities,  
4 unknowns, and contingencies, makes it evident that terminating exclusivity is the best choice for  
5 moving these cases forward at this time for these Debtors and their stakeholders.

6 For the foregoing reasons, BOKF supports the Motion to Terminate and respectfully  
7 requests that the Court enter an order terminating the Debtors' exclusive periods and authorizing  
8 the Official Committee of Tort Claimants and Ad Hoc Committee to formulate, negotiate and  
9 file their joint chapter 11 plan.

10  
11 Dated: October 1, 2019

**ARENT FOX LLP**

12 By: /s/ Aram Ordubegian  
13 Aram Ordubegian (SBN 185142)  
14 Andrew I. Silfen (*pro hac vice*)  
Beth M. Brownstein (*pro hac vice*)

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